

EXHIBIT 19

00001

1 IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE
2
3 MBIA INSURANCE CORPORATION :
3 and WELLS FARGO BANK, :
N.A. (f/k/a WELLS FARGO :
4 BANK MINNESOTA N.A.) as :
TRUSTEE OF SFC GRANTOR :
5 TRUST, SERIES 2000-1, SFC :
GRANTOR TRUST, SERIES :
6 2000-2, SFC GRANTOR TRUST, : C.A. NO.
SERIES 2000-3, SFC GRANTOR : 02-1294-JJF
7 TRUST, SERIES 2000-4, SFC :
GRANTOR TRUST, SERIES 2001-1,:
8 SFC GRANTOR TRUST, SERIES :
2001-2, SFC OWNER TRUST :
9 2001-I, AND SFC GRANTOR :
TRUST, SERIES 2001-3, :
10 Plaintiffs/Counterclaim :
Defendants, : WITNESS:
11 : ROBERT BAST
v. : TRACK III, VOLUME I
12 ROYAL INDEMNITY COMPANY, :
Defendant/Counterclaim : DATE:
13 Plaintiff. : APRIL 4, 2007

14 ROYAL INDEMNITY COMPANY,
Third-Party Plaintiff,

15
vs.
16

ANDREW N. YAO, STUDENT LOAN
17 SERVICING LLC, STUDENT LOAN
ACCEPTANCE II LLC, STUDENT LOAN
18 ACCEPTANCE III LLC, STUDENT LOAN
ACCEPTANCE III LLC, STUDENT LOAN
19 ACCEPTANCE V LLC, STUDENT LOAN
ACCEPTANCE VIII LLC, STUDENT LOAN
20 ACCEPTANCE IX LLC, SFC FINANCIAL LLC
I, SFC FINANCIAL LLC II, SFC
21 FINANCIAL LLC VI, SFC FINANCIAL LLC
VII,
22 Third-Party Defendants.

23 ROYAL INDEMNITY COMPANY,
Counter-Claimant,

24 vs.
MBIA BANK and WELLS FARGO BANK
MINNESOTA, N.A.,
25 Counter-Defendants.

00002

1

CHARLES A. STANZIALE, JR.,
2 Chapter 7 Trustee of Student Finance
Corporation,
3 Plaintiff,

4 vs. C.A. No. 04-1551-JJF

5 PEPPER HAMILTON LLP, et al,
Defendants.

6

CHARLES A. STANZIALE, JR.,
7 Chapter 7 Trustee of Student Finance
Corporation,
8 Plaintiff,

9 vs. C.A. No. 05-72-JJF

10 McGLADREY & PULLEN LLP
and MICHAEL AQUINO,
11 Defendants.

12 ROYAL INDEMNITY COMPANY,
Plaintiff,

13

vs. C.A. No. 05-165-JJF

14

PEPPER HAMILTON LLP,
15 W. RODERICK GAGNE,
FREED MAXICK & BATTAGLIA CPAs,
16 McGLADREY & PULLEN LLP,
and MICHAEL AQUINO,
17 Defendants.

18

19

20

21

22

23

24

25

00163

1 to you: SFC sold common stock to
2 demonstrate that it has the
3 capability to raise equity financing
4 on short notice and to signal SFC's
5 commitment to its long-term business
6 plan. SFC did not need equity for
7 cash flow, nor did it need equity to
8 satisfy its external auditors. SFC
9 intends to repurchase the stock in
10 2000.

11 Is that description by Mr.
12 Yao in this letter consistent with
13 what Mr. Yao told to you about the
14 raising of equity financing?

15 A. Yes.

16 ***

17 (Whereupon the court
18 reporter marked document as Exhibit
19 80-III for identification.)

20 ***

21 BY MR. WATERS:

22 Q. Can you identify that document?
23 A. It is a letter dated July 15,
24 2003 to Gary Camp from W. Roderick
25 Gagne', inserting, quote, key

00164

1 employee phantom equity plan, end

2 quote.

3 Q. And you have seen this before?

4 A. I have.

5 Q. I only have one question. In

6 the second sentence, it says: As

7 you can see, we have valued the

8 company today at approximately \$50

9 million.

10 Can you give me any

11 information about how that number

12 was arrived at?

13 A. It was an arbitrary number.

14 There were lots of discussions that

15 preceded the -- coming up with that

16 number. It was a point over which

17 the employees were to be benefited

18 if the company prospered.

19 Q. So it was somewhat arbitrarily

20 arrived at?

21 A. Yes, sir.

22 Q. As the current value?

23 A. Yes. There was no basis for

24 it.

25 MS. PRESS: Objection.